

OPERATION THRESHOLD

Waterloo, Iowa

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
(Uniform Guidance Single Audit Report)**

September 30, 2020

(With Independent Auditor's Reports Thereon)

OPERATION THRESHOLD

Waterloo, Iowa

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OPERATION THRESHOLD

Board of Directors and Management**Officers**

Brian Quirk
Kelly Johnson
Barbara Smith

Chairperson
Secretary
Treasurer

Board Members

Kim Ross
Katie Busker
Bob Tyson
Debra Hodges Harmon
Gary Gissel
Chris Schwartz

Diane Adair
Joyce Hunter
Michelle Kesterson
Faith White
Kari Rea

Management

Barbara A. Grant
Leian Kammeyer
Craig Boche
Billie Allen-Williams
Amanda Kirchhoff
Clarissa Nicholson
Joe Ambrose
Tamika Fisher

Executive Director
Deputy Director
Human Resources Director
Community Resources Director
WIC Director
Planning and Compliance Director
Housing Director
Early Learning Family Services
Director

Independent Auditor's Report

Board of Directors
Operation Threshold
Waterloo, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Operation Threshold (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2020, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Threshold as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The additional accompanying supplementary Combining Statements and Schedules of Expenses Compared to Budget which follow are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited Operation Threshold's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 7, 2020. In our opinion the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2021, on our consideration of Operation Threshold's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Meriwether, Wilson and Company, PLLC
MERIWETHER, WILSON AND COMPANY, PLLC
Certified Public Accountants

January 5, 2021
West Des Moines, Iowa

OPERATION THRESHOLD

Statement of Financial Position

September 30, 2020
(With Comparative Totals for 2019)

	Total All Funds	
	2020	2019
Assets		
Current Assets		
Cash	\$ 560,681	692,448
Restricted Cash	36,845	57,023
Marketable Securities	21,706	30,798
Receivables		
Governmental Grants	865,323	593,791
Contract Income and Other	110,524	217,704
Prepaid Expense	70,872	73,476
Weatherization Work in Process	61,332	56,674
Total Current Assets	<u>1,727,283</u>	<u>1,721,914</u>
Property and Equipment		
Land, Buildings, and Improvements	5,675,032	5,675,032
Furniture and Equipment	509,727	509,727
	<u>6,184,759</u>	<u>6,184,759</u>
Accumulated Depreciation	(2,673,517)	(2,503,138)
Net Property and Equipment	<u>3,511,242</u>	<u>3,681,621</u>
Total Assets	<u>\$ 5,238,525</u>	<u>5,403,535</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 94,946	164,932
Accrued Expenses	156,284	120,763
Mortgages Payable - Current Portion	23,346	23,318
Deposits Held for Others	252,638	294,845
Due to Funding Sources	137,056	120,614
Deferred Revenue	146,535	92,592
Total Current Liabilities	<u>810,805</u>	<u>817,064</u>
Long-Term Debt		
Mortgages Payable - Net of Current Portion	132,041	155,387
Total Liabilities	<u>942,846</u>	<u>972,451</u>
Net Assets		
With Donor Restrictions	3,781,235	3,755,581
Without Donor Restrictions		
Designated for Program Activities	(659,084)	(571,439)
Invested in Property and Equipment	374,778	435,362
Undesignated	798,750	811,580
Total Net Assets	<u>4,295,679</u>	<u>4,431,084</u>
Total Liabilities and Net Assets	<u>\$ 5,238,525</u>	<u>5,403,535</u>

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds	
			2020	2019
Support and Revenue				
Government Awards and Contract Revenue	\$ 7,018,639	--	7,018,639	7,278,678
Rental Income	297,888	--	297,888	292,740
Contributions, Public Support, and Services	179,668	262,275	441,943	242,285
Investment Income (Loss)	(7,879)	--	(7,879)	888
Other Revenue	3,286	--	3,286	4,945
Food Vouchers for Distribution	2,986,655	--	2,986,655	2,932,477
	<u>10,478,257</u>	<u>262,275</u>	<u>10,740,532</u>	<u>10,752,013</u>
Net Assets Released from Restrictions	236,621	(236,621)	--	--
Total Support and Revenue	<u>10,714,878</u>	<u>25,654</u>	<u>10,740,532</u>	<u>10,752,013</u>
Expenses				
Program Services				
Women, Infants, and Children	4,123,921	--	4,123,921	4,084,644
Low-Income Home Energy Assistance Program	2,952,091	--	2,952,091	2,727,584
Weatherization Assistance Programs	822,232	--	822,232	1,037,158
Family Support and Parent Education	557,517	--	557,517	558,174
MIECHV	500,433	--	500,433	459,746
Rental Housing Programs	318,149	--	318,149	454,899
Cedar Valley Readers	78,707	--	78,707	161,810
Family Development and Self-Sufficiency	289,253	--	289,253	283,429
Community Services	94,156	--	94,156	104,710
Disaster Case Management	119,018	--	119,018	122,347
Financial Literacy	678	--	678	3,757
Energy Efficiency	26,133	--	26,133	5,200
TBRA Programs	78,459	--	78,459	90,073
Volunteer Coop	32,030	--	32,030	47,819
CSBG Programs	548,762	--	548,762	518,140
Other Programs	192,660	--	192,660	185,962
Unallocated Management and General	141,738	--	141,738	106,051
Total Expenses	<u>10,875,937</u>	<u>--</u>	<u>10,875,937</u>	<u>10,951,503</u>
Change in Net Assets	(161,059)	25,654	(135,405)	(199,490)
Net Assets - Beginning of Year	<u>675,503</u>	<u>3,755,581</u>	<u>4,431,084</u>	<u>4,630,574</u>
Net Assets - End of Year	<u>\$ 514,444</u>	<u>3,781,235</u>	<u>4,295,679</u>	<u>4,431,084</u>

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Statement of Functional Expenses

Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020			2019
	Program Activities	Management, General, and Corporate Activities	Total	Total
Expenses				
Personnel	\$ 1,717,047	640,201	2,357,248	2,382,183
Fringe	410,532	156,646	567,178	578,733
Travel & Auto	29,892	3,378	33,270	43,930
Supplies and Materials	118,863	25,122	143,985	200,798
Printing and Publication	13,653	2,677	16,330	14,254
Postage and Shipping	18,179	3,016	21,195	18,056
Consultants - Contracted Services	514,229	105,938	620,167	604,009
Insurance	26,845	70,509	97,354	94,946
Telephone and Computer	91,199	21,389	112,588	96,255
Space	233,999	2,559	236,558	242,454
Advertising and Promotion	--	227	227	1,437
Legal & Professional	25,385	420	25,805	27,694
Equipment	1,390	8,585	9,975	8,636
Licenses and Permits	3,200	470	3,670	6,763
Dues and Subscriptions	9,070	8,564	17,634	15,589
Client Assistance	6,410,280	--	6,410,280	6,315,541
Training	29,700	689	30,389	61,958
Conferences and Meetings	340	--	340	4,529
Interest Expense	82	--	82	325
Other	473	811	1,284	59,741
Depreciation	59,978	110,400	170,378	173,672
Total Expenses	\$ 9,714,336	1,161,601	10,875,937	10,951,503

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Statement of Cash Flows

Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Total All Funds	
	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ (135,405)	(199,490)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	170,378	173,672
Loss on Sale of Property and Equipment	--	56,697
Unrealized Losses on Marketable Securities	9,093	782
(Increase) Decrease in		
Receivables	(164,352)	(84,409)
Prepaid Expenses	2,604	313
Weatherization Work in Process	(4,658)	22,177
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	(34,465)	31,845
Deposits Held for Others	(42,207)	79,525
Due to Funding Sources	16,442	(7,013)
Deferred Revenue	53,943	(19,565)
Net Cash Flows from Operating Activities	(128,627)	54,534
Cash Flows from Investing Activities		
Cash Paid for Property and Equipment	--	(46,056)
Proceeds from Sale of Property and Equipment	--	39,924
Net Cash Flows from Investing Activities	--	(6,132)
Cash Flows from Financing Activities		
Payments on Secured Construction Loan Payable	--	(20,884)
Payments on Long-Term Debt	(23,318)	(23,291)
Net Cash Flows from Financing Activities	(23,318)	(44,175)
Change in Cash and Restricted Cash	(151,945)	4,227
Cash and Restricted Cash - Beginning of Year	749,471	745,244
Cash and Restricted Cash - End of Year	\$ 597,526	749,471
Supplemental Disclosure of Cash Flow Data		
Cash Paid During the Years for Interest	\$ 82	325
Summary of Cash and Restricted Cash		
Cash	560,681	692,448
Restricted Cash	36,845	57,023
Cash and Restricted Cash - End of Year	\$ 597,526	749,471

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Notes to Financial Statements

September 30, 2020

1. **Nature of Activities and Significant Accounting Policies**

Reporting Entity

Operation Threshold (the Organization) is a private nonprofit corporation organized and incorporated in 1981 under Chapter 504A of the Code of Iowa. The Organization is a community action agency as defined in the Code, and it provides education and services to help people meet their basic needs and become self-sufficient. Operation Threshold principally has operations in Waterloo, Iowa, and surrounding areas.

Operation Threshold administers programs funded by federal, state, and local agencies. These programs are generally operated for the benefit of eligible participants under the guidelines or requirements of the respective funding agencies.

This report includes the financial statements of all programs administered by the Organization.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which requires the recognition of lease assets and lease liabilities on the balance sheet for all lease obligations and disclosures of key information about leasing arrangements. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous generally accepted accounting principles. ASU 2016-02 will be effective for the Organization for all annual and interim periods beginning after December 15, 2021, including interim periods within those fiscal years. Management is currently evaluating the potential impact that the adoption of this new accounting guidance will have on its financial statements.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. This ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective October 1, 2019, the first day of the organization's fiscal year, using the modified retrospective approach.

During the year ended September 30, 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update prescribe and assist an entity in evaluating whether transactions are accounted for as contributions (non-reciprocal) within the scope of ASU Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The Organization adopted the new standard effective October 1, 2019, the first day of the organization's fiscal year, using the modified prospective approach.

The adoption of these new standards resulted in no significant changes to the measurement or recognition of revenue in prior periods.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with the accounting principles appropriate for nonprofit agencies. The following describes the significant accounting policies.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Classifications of net assets are determined based on the nature or existence of donor restrictions.

Net assets with donor restrictions subject to purpose are amounts whose use by the Organization has been limited by donors or grantors to specific time periods or purposes. Net assets with donor restrictions perpetual in nature represent assets required by the donor to be maintained in perpetuity by the Organization. At September 30, 2020, the Organization has no net assets with donor restrictions perpetual in nature.

When donor restrictions are satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. If a restriction is fulfilled or released in the same time period in which it is received, the Organization reports the support as net assets without donor restrictions.

Revenue Recognition and Receivables

The Organization accounts for unconditional grant and contract income as contributions. Under this method of revenue recognition, revenue is considered earned when received. When allowable program expenses have been incurred, the revenue is classified as without donor restriction. If revenue is received prior to incurring allowable program expenses, the revenue is classified as with donor restrictions. Upon performing the program services, the revenue is released from donor restriction. Conditional grant revenue is recognized as deferred revenue until the condition is satisfied.

Receivables are comprised primarily of grant awards or contract reimbursements. Receivables are recorded when program expenses exceed reimbursements to date. Award or contract funds received in excess of program expenses are recorded as deferred revenue. All receivable amounts are considered collectible and, accordingly, no provision for bad debts has been recorded.

Contributed Services

The Organization receives a significant amount of contributed services from unpaid volunteers assisting in the Organization's programs. No amounts have been recognized in the Statement of Activities and Changes in Net Assets because the criteria for recognition under FASB ASC 958 have not been satisfied.

Cash and Restricted Cash

Cash, for purposes of the Statement of Cash Flows, consists of checking and savings accounts.

Restricted cash consists of funds received by the Organization which are held in separate accounts and can only be disbursed for specific purposes. These purposes include payment of matching funds for individual development accounts for eligible program participants (\$12,371) and tenant security deposits (\$24,474). Restricted cash is held in checking and savings accounts.

Fair Value of Financial Instruments

Marketable securities are recorded at fair value based on quoted prices in active markets for identical assets. Carrying amounts of other current assets and liabilities approximate their fair values due to the short-term maturities of these financial instruments.

The Organization secured below-market financing for the construction and rehabilitation of certain low-income housing properties. No adjustment to the financial statements has been made to approximate the fair value of this financing.

Weatherization Work in Process

Weatherization work in process consists of labor, materials, and support costs incurred on weatherization projects in process as of the year end. These costs will be submitted to the appropriate funders (and expensed in the financial statements) when the projects are complete.

Property and Equipment

Property and equipment is recorded at cost. Costs for maintenance, repairs, and minor replacements are charged to expense, while the cost of major replacements, betterments, and acquisitions is capitalized. The Organization's policy is to capitalize discrete items of property and equipment which cost more than \$5,000 and have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are generally 15 to 39 years for buildings and improvements and 5 to 7 years for furniture and equipment.

The Organization's property and equipment was acquired primarily under grants with federal, state, or local governmental entities. Title to such property and equipment may revert back to these funding sources in the event these programs terminate or the use of the property changes from its original purpose. The Organization follows the policy of expensing amounts paid for property and equipment to the appropriate fund, and then capitalizing the assets acquired through a direct credit to fund balance.

The Organization follows generally accepted accounting principles in evaluating impairment of long-lived assets. No impairment losses were recorded in 2020.

Cost Allocations, Management and General Expenses, and Fundraising Expenses

The Organization uses cost pools to distribute indirect costs to the programs benefited. Indirect pooled costs are allocated to the programs each month on a consistent basis as described in its cost allocation plans. Indirect administrative costs (including fiscal and human resources) are charged to programs at a rate of 10% of total modified direct costs. Building operations costs are charged to programs based on square footage. Housing support costs are charged to properties proportionately based on direct costs. Weatherization support costs are charged to programs at contract rates, and certain direct weatherization project costs are also distributed to identified funders through the Weatherization Admin. Support pool as each project closes. The Organization accounts for distributed pooled costs as interfund expense transfers.

Certain management and general expenses are distributed to the programs through cost pools and are properly charged to various funders as program expenses. There were no significant direct fundraising expenses for the year ended September 30, 2020.

Advertising

Advertising costs totaling \$227 for the year ended September 30, 2020 were expensed as incurred.

Income Taxes

Operation Threshold is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 504A of the Code of Iowa. Operation Threshold has been determined not to be a "private foundation" within the meaning of Section 509A of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from these estimates.

Prior Year Summarized Information and Reclassifications

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Certain reclassifications to the 2019 comparative totals have been made to conform to the 2020 presentation.

2. **Principal Programs**

Principal programs administered by the Organization are as follows:

Three principal programs are funded by the U.S. Department of Health and Human Services and passed through the Iowa Department of Human Rights. These programs are the Community Services Block Grant (CSBG), Low Income Home Energy Assistance Program (LIHEAP), and Family Development and Self-Sufficiency (FaDSS) (46% federally funded). CSBG provides funding for the operation of human service programs or provides direct support to individual programs which require co-funding to complete their activities. LIHEAP primarily provides assistance to low-income households in paying their heating bills. The FaDSS program provides family development and self-sufficiency counseling assistance to low-income households.

Weatherization Assistance Programs are funded through grants from the U.S. Department of Energy and the U.S. Department of Health and Human Services through the Iowa Department of Human Rights. Area utility companies also provide funding. These programs provide resources to increase the energy efficiency of homes of qualifying low-income households.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is funded by the U.S. Department of Agriculture through the Iowa Department of Public Health under an annual grant. The program provides nutritional education and assistance to low-income women who are pregnant, post-partum, breastfeeding or who have an infant child, and to children under the age of five years.

The Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) is funded by the U.S. Department of Health and Human Services through the Iowa Department of Public Health. The program provides evidence-based home visitation services to improve health and developmental outcomes for at-risk young children, improves coordination of services for at-risk communities, and identifies and provides comprehensive services to improve outcomes for families who reside in at-risk communities.

The Family Support and Parent Education Services programs offer a comprehensive system for delivering family support services including home visitation and group-based parent education programming to pregnant parents and families with children under the age of five years.

Rental Housing Programs - The Organization manages single and multi-family housing units for use by eligible families. Ongoing funding for these programs is principally provided by rental income.

The Disaster Case Management program is funded under a contract with the Iowa Community Action Association. Money for this program originates with the Iowa Department of Human Services. Operation Threshold provides administration services for the Iowa Individual Assistance Grant Program by processing disaster-related financial assistance applications, claims, and payments.

Financial Literacy provides training on budgeting, savings and financial management.

Community Services - The Organization maintains community service centers in each of the areas served. Programs administered are charged for the non-cofunded expenses of the centers based on the hours spent for the services and the space utilized.

Cedar Valley Readers – Operation Threshold is the fiscal agent for the Cedar Valley region's community collaborative for grade level reading, which focuses on strategies to address three identified problems impeding reading proficiency among third grade students.

The Organization provides a variety of other programs in support of its mission, including tenant based rental assistance, volunteer programs, programs to provide housing rehabilitation and increase home energy efficiency, and others.

A summary of other programs administered by the Organization not specifically set forth on the Statement of Activities is as follows:

Program Title	Expenses
Customer Contributions	\$ 26,657
Cedar Valley Refugee Program	44,075
Emergency Funds	36,557
Volunteer Programs	23,384
Emergency Food and Shelter	16,901
Seasonal Programs	18,424
Grundy County Food Pantry	26,662
	<u>\$ 192,660</u>

3. **Support from Governmental Agencies**

The Organization received approximately 93% of its total support and revenue from federal, state, and local governmental agencies. Changes in the level of government funding could have a major effect on the Organization's programs and activities.

4. **Concentration of Credit Risk**

The Organization maintains checking and savings accounts at local financial institutions. Accounts are insured by FDIC or NCUA up to \$250,000 per depositor, per institution. At September 30, 2020, the Organization had \$485,436 of cash in excess of insured limits. The risk is managed by maintaining all depository accounts at high quality financial institutions.

5. **Marketable Securities**

Marketable securities consist of shares of common stock received in a prior year from the demutualization of an insurance company that provided employee benefits to the Organization. These shares have a readily determinable fair market value, and they are recorded at fair value in the financial statements. Unrealized losses on marketable securities included as a component of investment income totaled \$9,093 for the year ended September 30, 2020. Management of the Organization has determined that marketable securities are not material to the financial statements taken as a whole; accordingly, the fair value disclosure provisions of FASB ASC 820 need not be applied.

6. **Receivables**

Grants receivable are summarized as follows:

Funding Source	Program Activity	Amount
Iowa Department of Public Health	WIC	\$ 211,914
	MIECHV	176,146
Iowa Department of Human Rights	HEAP Weatherization	30,332
	LiHEAP	46,165
	MEC	21,459
	FaDSS	47,626
	CSBG	133,340
	DOE Weatherization	61,145
Iowa Community Action Association	Disaster Case Management	112,655
	TBRA	23,805
Other Sources	Other Programs	736
		<u>\$ 865,323</u>

Contract income and other receivables are summarized as follows:

<u>Funding Source</u>	<u>Program Activity</u>	<u>Amount</u>
Together 4 Families ECI	Family Support and Par. Ed.	\$ 39,698
Building Direction for Families	Family Support and Par. Ed.	6,596
Other Sources	Family Support and Par. Ed.	9,282
Private Foundation	Cedar Valley Readers	14,419
Iowa Department of Human Services	Volunteer Program	4,437
Various	Community Resources	13,544
Other Sources	Other Programs	22,548
		<u>\$ 110,524</u>

7. **Property and Equipment**

Property and equipment are summarized as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>	<u>Net Property and Equipment</u>
Land	\$ 73,740	--	--	73,740
Buildings and Improvements	5,601,292	160,656	2,197,219	3,404,073
Furniture and Equipment	509,727	9,722	476,298	33,429
	<u>\$ 6,184,759</u>	<u>170,378</u>	<u>2,673,517</u>	<u>3,511,242</u>

8. **Accrued Expenses**

Accrued expenses are summarized as follows:

Compensated Absences	\$ 78,357
Payroll, Payroll Taxes, and Benefits	<u>77,927</u>
	<u>\$ 156,284</u>

9. **Due to Funding Sources**

Amounts due to funding sources are summarized as follows:

<u>Funding Source</u>	<u>Program Activity</u>	<u>Amount</u>
Iowa Department of Public Health	Advance for WIC Expenses	\$ 59,297
Iowa Department of Human Rights	LIHEAP Assistance Refunds	16,442
City of Waterloo	Program Income - LHAP	38,984
City of Waterloo	Resale Recapture Proceeds	22,333
		<u>\$ 137,056</u>

10. **Deferred Revenue**

Deferred revenue is summarized as follows:

Iowa Department of Human Rights	CSBG	\$ 35,350
Iowa Department of Human Rights	Weatherization	23,874
National WIC Association	WIC - Catalyzing Retention	51,736
Iowa Northland Regional Council	Emergency Food and Shelter	5,777
Rental Housing Programs	Tenant Rental Income	6,707
Iowa Department of Human Rights	FaDSS	23,091
		<u>\$ 146,535</u>

11. Long-Term Debt

The Organization obtained three long-term loans for construction of the Independence Housing Project (Lexington Square). These loans are currently administered by the Iowa Finance Authority.

The Iowa Housing Corporation originally provided a \$245,000 mortgage loan. This note was amended in 2015; it is noninterest bearing, carries monthly payments of \$1,625, and matures December 1, 2023. The note is secured by a first mortgage interest in the land and building financed, and totals \$63,381 at year end.

The Iowa Department of Economic Development provided a loan totaling \$99,992 under the Home Investment Partnership Program as additional funding for Lexington Square. This note was also amended in 2015. The note is noninterest bearing and requires annual payments of \$1,000, with a balloon payment of remaining principal and interest due February 28, 2024. This note is secured by a subordinate mortgage interest in the land and building financed, and totals \$85,566 at year end.

The Iowa Finance Authority provided additional original financing for Lexington Square totaling \$52,474. This note carries quarterly payments of \$725 including accrued interest at 1%, with remaining interest and principal due August 2022. This note is secured by a third mortgage interest in the land and building financed, and totals \$6,440 at year end.

Following are maturities of long-term debt:

2021	\$ 23,346
2022	24,098
2023	20,502
2024	87,441
2025	--
	<u>\$ 155,387</u>

Interest expense related to these loans and the secured construction loan described above, for the year ended September 30, 2020, totaled \$82.

12. Net Assets

Net Assets Without Donor Restrictions - The Organization's net assets without donor restrictions were received without external restrictions and are generally available for ongoing operating purposes. The Organization, however, has certain net assets designated for specific purposes.

Net assets without donor restrictions are summarized as follows as of September 30, 2020:

Designated Net Assets	
Program Activities	\$ (659,084)
Invested in Property and Equipment	<u>374,778</u>
	(284,306)
Undesignated Net Assets	<u>798,750</u>
Total Net Assets Without Donor Restrictions	<u>\$ 514,444</u>

Net Assets With Donor Restrictions - The Organization has received donations, which under terms of their receipt are to be used for specific purposes and are classified as net assets with donor restrictions.

A summary of net assets with donor restrictions is as follows at September 30, 2020:

Program	
Central Office Building - IFA / I-Jobs	\$ 2,936,576
Affordable Housing	309,771
Lexington Square - IFA, IDED and IHC	132,353
Rental Houses	110,650
Family Support and Parent Ed.	96,408
Customer Contributions	38,170
Black Hawk Nest	34,018
Other Emergency Funds	30,787
Grundy County Food Pantry	26,213
Conrad Senior Fund	24,850
Other Programs	14,919
Seasonal Programs	7,569
Cedar Valley Readers	6,753
DHS Volunteer Program	4,513
WHT TBRA	3,985
HOME Security Deposit	3,500
Volunteer Coop	200
	<u>\$ 3,781,235</u>

The central office building must be operated and maintained in accordance with the funding agreement, and Operation Threshold may not sell, assign, or encumber the property without consent of the funder.

13. Operating Leases

The Organization leases office space and equipment under noncancelable operating leases expiring through 2025. The Organization also leases facilities and equipment for administrative and program purposes under leases running annually or month to month. Management expects that in most cases these leases will be renewed under similar terms or replaced with similar leases. Total lease expense for the year ended September 30, 2020 amounted to \$59,029.

Minimum future lease payments due under noncancelable leases with remaining terms in excess of a year, as of the year end, are as follows:

2021	\$ 10,649
2022	23,657
2023	20,136
2024	16,800
2025	14,000
	<u>\$ 85,242</u>

14. Retirement Plans

IPERS

The Organization contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. Additional information about the plan may be found at www.ipers.org, and its most recent Comprehensive Annual Financial Report is available at auditor.iowa.gov.

Plan members contribute 6.29% of their annual covered salary to IPERS and the Organization contributes 9.44%. Contribution requirements are established by state statute. The Organization's contributions to IPERS for the year ended September 30, 2020, totaled \$195,713, equal to the required contribution for the year.

Tax Sheltered Annuity

The Organization also sponsors a defined contribution tax sheltered annuity plan for all regular employees with at least one year of service. The Organization matches employee contributions up to 4.50% of gross wages. Contributions made by the Organization for this plan for the year totaled \$1,358.

15. Liquidity and Availability of Financial Assets

The Organization's financial assets available for general expenditure within one year of the statement of financial position date are summarized as follows at September 30, 2020:

Financial Assets at Year-End

Cash	\$ 560,681
Restricted Cash	36,845
Marketable Securities	21,706
Receivables	<u>975,847</u>
	1,595,079

Less Those Unavailable for General Expenditure Within One Year

Restricted Cash	(36,845)
Designated Net Assets Invested in Property and Equipment	(374,778)
Net Assets with Donor Restrictions	(3,781,235)
Net Assets with Donor Restrictions Associated with Non-Financial Assets	<u>2,936,576</u>

Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year

\$ 338,797

The Organization receives substantial support from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, sufficient resources must be maintained to meet those responsibilities to its donors. As a result, financial assets may not be available for general expenditure within one year. As part of Organization's liquidity management, it follows the policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

16. Risks and Uncertainties

In March 2020, the global coronavirus pandemic began to disrupt the United States economy. The Organization cannot reasonably predict the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's financial standing and operations in 2021.

17. Evaluation of Subsequent Events

The Organization has evaluated transactions and events occurring after September 30, 2020 for recognition and disclosure in the financial statements. Subsequent events were evaluated through January 5, 2021, the date the financial statements were available to be issued.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Operation Threshold
Waterloo, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States, the financial statements of Operation Threshold (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2020, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Operation Threshold's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance,

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation Threshold's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meriwether, Wilson and Company, PLLC
MERIWETHER, WILSON AND COMPANY, PLLC
Certified Public Accountants

January 5, 2021
West Des Moines, Iowa

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors
Operation Threshold
Waterloo, Iowa

Report on Compliance for Each Major Federal Program

We have audited Operation Threshold's (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Operation Threshold's major federal programs for the year ended September 30, 2020. Operation Threshold's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Operation Threshold's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Operation Threshold's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Operation Threshold's compliance.

Opinion on Each Major Federal Program

In our opinion, Operation Threshold complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Page Two

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

Operations Threshold's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Operation Threshold's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Operation Threshold is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Operation Threshold's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Operation Threshold's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed above, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

Operation Threshold's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Operation Threshold's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Meriwether, Wilson and Company, PLLC
MERIWETHER, WILSON AND COMPANY, PLLC
Certified Public Accountants

January 5, 2021
West Des Moines, Iowa

OPERATION THRESHOLD

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Operation Threshold were prepared in accordance with GAAP.
2. Internal Control Over Financial Reporting
 - No material weaknesses were identified.
 - No significant deficiencies were reported.
3. No instances of noncompliance material to the financial statements of Operation Threshold, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. Internal Control Over Major Programs
 - No material weaknesses were identified.
 - Significant deficiency was reported.
5. The auditor's report on compliance for the major federal award programs for Operation Threshold expresses an unmodified opinion on all major federal programs.
6. The results of our audit disclosed audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

<u>Major Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Low-Income Home Energy Assistance Program	93.568	\$ 3,401,969

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Operation Threshold was determined to be a low-risk auditee.

Section II – Financial Statement Findings

No Findings

Section III – Federal Awards Findings

Significant Deficiency

Finding 2020-001

Identification on the Federal Program

CFDA 93.568 Low-Income Home Energy Assistance Program,
U.S. Department of Health and Human Service.
Pass-Through Entity: Iowa Department of Human Rights
Award Number: LIHEAP-20-11 & LIHEAP-20-CA-11

Criteria – A properly designed system of internal controls over compliance with the requirements of federal awards programs enables entities to meet those requirements set forth by the federal government. Reports for federal awards are required to include all activity of the reporting period, be supported by applicable accounting or performance records, be fairly presented in accordance with governing requirements, and be submitted timely.

Condition – As a result of our audit procedures, we discovered five payments to eligible recipients with the incorrect amount calculated and paid.

Cause – The errors appear to be a combination of human error in payment calculation, lack of documentation, data entry errors, and staff changes.

Effect or Potential Effect – The effect of this significant deficiency is that some participants were being awarded incorrect amount of assistance and, if the incorrect amounts were to continue, could result in material noncompliance with the program's requirements.

Questioned Costs – \$40,141

Context – Total assistance to participants during the year was \$2,139,822. We tested the assistance through random sampling of 60 disbursements totaling \$27,720. Through our testing we concluded \$520 of payments were incorrectly disbursed or 1.88% of our sample. Extrapolating the sample error to the total population results in questioned costs of \$40,141.

Recommendation – We recommend that the review process of applications be strengthened, and staff added where necessary to ensure that the disbursements are being made in line with the program requirements. Additionally, the Organization should ensure program directors have a firm understanding of the controls in place and personnel involved in the process.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with finding and has reviewed the program requirements with all personnel. Additional review procedures of applications have been put in place to identify data entry errors, and to ensure proper assistance amounts. If an application contains incorrect information, or information supplied by the applicant is not used, there are enhanced documentation expectations in place to explain the discrepancy.

OPERATION THRESHOLD

Schedule of Expenditures of Federal Awards (and Notes to Schedule)

Year Ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA*</u> <u>Number</u>	<u>Grant or</u> <u>Award Number</u>	<u>Passed</u> <u>Through to</u> <u>Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services				
Passed Through Iowa Department of Human Rights				
Low Income Home Energy Assistance Program	93.568	LIHEAP-20-11	\$ --	\$ 2,835,164
Low Income Home Energy Assistance-CARES	93.568	LIHEAP-20-CA-11	--	63,664
Home Energy Assistance Program	93.568	HEAP-20-11A	--	251,072
Home Energy Assistance Program	93.568	HEAP-19-11A	--	252,069
Total CFDA # 93.568			--	3,401,969 **
Family Development and Self Sufficiency (46% Federal)	93.558	FaDSS-21-11	--	28,099
Family Development and Self Sufficiency (46% Federal)	93.558	FaDSS-20-11	--	105,260
Total CFDA # 93.558 and TANF Cluster				133,359
Community Services Block Grant	93.569	CSBG-20-11	--	13,118
Community Services Block Grant	93.569	CSBG-19-11	--	435,070
Community Services Block Grant	93.569	CSBG-20S-11	--	100,574
Total CFDA # 93.569				548,762
Passed Through Iowa Department of Human Services				
Volunteer Coordination Services (45.6% Federal)	93.667	V2018-01-01	--	10,663
Total CFDA # 93.667				10,663
Passed Through Iowa Department of Public Health				
Maternal, Infant, Early Childhood				
Home Visitation Program	93.870	5880CH02	--	260,627
Home Visitation Program	93.870	5889CH02	--	239,806
Total CFDA # 93.870 and MIECHV Cluster				500,433
Total U.S. Department of Health and Human Services				4,595,186
U.S. Department of Housing and Urban Development				
Passed Through the Iowa Department of Economic Development				
HOME Program Promissory Note Dated 3/10/99	14.239	99-HM-204-731	--	85,566
Passed Through Iowa Community Action Association				
Tenant Based Rental Assistance	14.239	19-1-HM-565	--	40,252
Total CFDA #14.239 and U.S. Department of Housing and Urban Development				125,818
U.S. Department of Energy				
Passed Through Iowa Department of Human Rights				
Weatherization Assistance for Low-Income Persons	81.042	DOE-20-11A	--	113,193
Weatherization Assistance for Low-Income Persons	81.042	DOE-19-11A	--	24,759
Total CFDA #81.042 and U.S. Department of Energy				137,952

OPERATION THRESHOLD

Schedule of Expenditures of Federal Awards (and Notes to Schedule)

Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA* Number	Grant or Award Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed Through Iowa Department of Public Health				
Special Supplemental Nutrition Program				
for Women, Infants, and Children				
WIC	10.557	5880AO43	--	1,061,798
WIC Peer Counseling	10.557	5880AO95	--	50,000
WIC Noncash - Food Vouchers for Distribution	10.557	5880AO43	--	2,986,655
Total CFDA #10.557 and U.S. Department of Agriculture				4,098,453
U.S. Department of Homeland Security				
Passed Through United Way				
Emergency Food and Shelter National Board Program	97.024	36-2858-00 004	--	8,153
Emergency Food and Shelter National Board Program	97.024	36-2866-00 001	--	1,400
Emergency Food and Shelter National Board Program	97.024	37-2858-00 004	--	1,625
Emergency Food and Shelter National Board Program	97.024	CARES-2858-00 00.	--	4,187
Total CFDA #97.024 and U.S. Department of Homeland Security				15,365
U.S. Department of Treasury				
Passed Through Iowa Community Action Association				
Eviction Prevention Program	21.019	N/A	--	24,909
Total CFDA #21.019 and U.S. Department of Treasury				24,909
Total Expenditures of Federal Awards			\$ --	\$ 8,987,020

*Catalog of Federal Domestic Assistance

**Audited as a Major Program

Notes to Schedule of Expenditures of Federal Awards**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Operation Threshold under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Operation Threshold, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Operation Threshold has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Loan Program

The federal government imposes continuing compliance requirements on the HOME Program promissory note dated 3/10/99. The beginning of the audit period balance is listed above; the balance of this loan at the end of the audit period is \$85,566.

See independent auditor's report

OPERATION THRESHOLD

Combining Statement of Financial Position

September 30, 2020

	Total All Funds	Undesignated and Agency Cost Pool Funds	Total Designated Funds
Assets			
Current Assets			
Cash	\$ 560,681	159,551	401,130
Restricted Cash	36,845	25	36,820
Marketable Securities	21,706	21,706	--
Receivables			
Governmental Grants	865,323	--	865,323
Contract Income and Other	110,524	--	110,524
Prepaid Expense	70,872	56,931	13,941
Weatherization Work in Process	61,332	61,332	--
Total Current Assets	<u>1,727,283</u>	<u>299,545</u>	<u>1,427,738</u>
Property and Equipment			
Land, Buildings, and Improvements	5,675,032	4,110,228	1,564,804
Furniture and Equipment	509,727	502,737	6,990
Accumulated Depreciation	(2,673,517)	(1,476,509)	(1,197,008)
Net Property and Equipment	<u>3,511,242</u>	<u>3,136,456</u>	<u>374,786</u>
Total Assets	<u>\$ 5,238,525</u>	<u>3,436,001</u>	<u>1,802,524</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 94,946	14,480	80,466
Accrued Expenses	156,284	156,284	--
Mortgages Payable - Current Portion	23,346	--	23,346
Deposits Held for Others	252,638	--	252,638
Due to Funding Sources	137,056	22,333	114,723
Deferred Revenue	146,535	--	146,535
Total Current Liabilities	<u>810,805</u>	<u>193,097</u>	<u>617,708</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>132,041</u>	<u>--</u>	<u>132,041</u>
Net Assets			
With Donor Restrictions	3,781,235	2,936,576	844,659
Without Donor Restrictions			
Designated for Program Activities	(659,084)	(692,302)	33,218
Invested in Property and Equipment	374,778	199,880	174,898
Undesignated	798,750	798,750	--
Total Net Assets	<u>4,295,679</u>	<u>3,242,904</u>	<u>1,052,775</u>
Total Liabilities and Net Assets	<u>\$ 5,238,525</u>	<u>3,436,001</u>	<u>1,802,524</u>

OPERATION THRESHOLD
Combining Statement of Financial Position

September 30, 2020

Designated Funds

<u>LIHEAP</u>	<u>CSBG</u>	<u>FaDSS</u>	<u>Weatherization Assistance</u>		
			<u>DOE</u>	<u>HEAP</u>	<u>Utility Companies</u>
(29,723)	(98,332)	(23,988)	(37,271)	(30,332)	(21,459)
--	--	--	--	--	--
--	--	--	--	--	--
46,165	133,340	47,626	61,145	30,332	21,459
--	--	--	--	--	--
--	342	13	--	--	--
--	--	--	--	--	--
<u>16,442</u>	<u>35,350</u>	<u>23,651</u>	<u>23,874</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>16,442</u>	<u>35,350</u>	<u>23,651</u>	<u>23,874</u>	<u>--</u>	<u>--</u>
--	--	68	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
16,442	--	--	--	--	--
--	35,350	23,091	23,874	--	--
<u>16,442</u>	<u>35,350</u>	<u>23,159</u>	<u>23,874</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	492	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	492	--	--	--
<u>16,442</u>	<u>35,350</u>	<u>23,651</u>	<u>23,874</u>	<u>--</u>	<u>--</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

	WIC	WIC Peer Counseling	WIC Farmers Market	WIC Special Projects
Assets				
Current Assets				
Cash	\$ (85,003)	1,371	9,943	53,818
Restricted Cash	--	--	--	--
Marketable Securities	--	--	--	--
Receivables				
Governmental Grants	211,914	--	736	--
Contract Income and Other	--	--	--	--
Prepaid Expense	516	--	--	--
Weatherization Work in Process	--	--	--	--
Total Current Assets	<u>127,427</u>	<u>1,371</u>	<u>10,679</u>	<u>53,818</u>
Property and Equipment				
Land, Buildings, and Improvements	--	--	--	--
Furniture and Equipment	--	--	--	--
Accumulated Depreciation	--	--	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 127,427</u>	<u>1,371</u>	<u>10,679</u>	<u>53,818</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 7,011	--	--	9
Accrued Expenses	--	--	--	--
Mortgages Payable - Current Portion	--	--	--	--
Deposits Held for Others	--	--	--	--
Due to Funding Sources	59,297	--	--	--
Deferred Revenue	--	--	--	51,736
Total Current Liabilities	<u>66,308</u>	<u>--</u>	<u>--</u>	<u>51,745</u>
Long-Term Debt				
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets				
With Donor Restrictions	--	--	--	--
Without Donor Restrictions				
Designated for Program Activities	61,119	1,371	10,679	2,073
Invested in Property and Equipment	--	--	--	--
Undesignated	--	--	--	--
Total Net Assets	<u>61,119</u>	<u>1,371</u>	<u>10,679</u>	<u>2,073</u>
Total Liabilities and Net Assets	<u>\$ 127,427</u>	<u>1,371</u>	<u>10,679</u>	<u>53,818</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

Designated Funds						
MIECHV	Emergency Food and Shelter	Early Head Start	Family Support & Parent Ed.	Disaster Case Management	Emergency Funds	Cedar Valley Refugee Program
(142,676)	7,514	9,235	78,017	(110,542)	54,138	12
--	--	--	--	--	--	--
--	--	--	--	--	--	--
176,146	--	--	--	112,655	--	--
--	--	--	61,366	--	--	--
1	--	--	3,361	--	1,500	--
--	--	--	--	--	--	--
<u>33,471</u>	<u>7,514</u>	<u>9,235</u>	<u>142,744</u>	<u>2,113</u>	<u>55,638</u>	<u>12</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>33,471</u>	<u>7,514</u>	<u>9,235</u>	<u>142,744</u>	<u>2,113</u>	<u>55,638</u>	<u>12</u>
32,513	--	--	111	1,215	--	12
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	5,777	--	--	--	--	--
<u>32,513</u>	<u>5,777</u>	<u>--</u>	<u>111</u>	<u>1,215</u>	<u>--</u>	<u>12</u>
--	--	--	--	--	--	--
--	1,737	--	130,426	898	55,638	--
958	--	9,235	12,207	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>958</u>	<u>1,737</u>	<u>9,235</u>	<u>142,633</u>	<u>898</u>	<u>55,638</u>	<u>--</u>
<u>33,471</u>	<u>7,514</u>	<u>9,235</u>	<u>142,744</u>	<u>2,113</u>	<u>55,638</u>	<u>12</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

	Community Services	Cedar Valley Readers	Grundy County Food Pantry	Volunteer Coop
Assets				
Current Assets				
Cash	\$ 182,610	(7,653)	26,581	32,660
Restricted Cash	--	--	--	--
Marketable Securities	--	--	--	--
Receivables				
Governmental Grants	--	--	--	--
Contract Income and Other	13,544	14,419	--	--
Prepaid Expense	5,509	--	--	--
Weatherization Work in Process	--	--	--	--
Total Current Assets	<u>201,663</u>	<u>6,766</u>	<u>26,581</u>	<u>32,660</u>
Property and Equipment				
Land, Buildings, and Improvements	--	--	--	--
Furniture and Equipment	--	--	--	--
Accumulated Depreciation	--	--	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 201,663</u>	<u>6,766</u>	<u>26,581</u>	<u>32,660</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 5,914	13	368	32,460
Accrued Expenses	--	--	--	--
Mortgages Payable - Current Portion	--	--	--	--
Deposits Held for Others	--	--	--	--
Due to Funding Sources	--	--	--	--
Deferred Revenue	--	--	--	--
Total Current Liabilities	<u>5,914</u>	<u>13</u>	<u>368</u>	<u>32,460</u>
Long-Term Debt				
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets				
With Donor Restrictions	--	6,753	26,213	200
Without Donor Restrictions				
Designated for Program Activities	195,749	--	--	--
Invested in Property and Equipment	--	--	--	--
Undesignated	--	--	--	--
Total Net Assets	<u>195,749</u>	<u>6,753</u>	<u>26,213</u>	<u>200</u>
Total Liabilities and Net Assets	<u>\$ 201,663</u>	<u>6,766</u>	<u>26,581</u>	<u>32,660</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

Designated Funds

<u>Volunteer Programs</u>	<u>WHT TBRA</u>	<u>ICAA TBRA</u>	<u>Financial Literacy</u>	<u>Energy Efficiency</u>	<u>Customer Contributions</u>	<u>Seasonal Programs</u>
75	7,485	(10,275)	245,240	--	36,432	7,569
--	--	--	12,371	--	--	--
--	--	--	--	--	--	--
--	--	23,805	--	--	--	--
4,437	--	--	7,855	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>4,512</u>	<u>7,485</u>	<u>13,530</u>	<u>265,466</u>	<u>--</u>	<u>36,432</u>	<u>7,569</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>4,512</u>	<u>7,485</u>	<u>13,530</u>	<u>265,466</u>	<u>--</u>	<u>36,432</u>	<u>7,569</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	227,102	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>227,102</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--	--
4,512	7,485	13,530	--	--	36,432	7,569
--	--	--	38,364	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>4,512</u>	<u>7,485</u>	<u>13,530</u>	<u>38,364</u>	<u>--</u>	<u>36,432</u>	<u>7,569</u>
<u>4,512</u>	<u>7,485</u>	<u>13,530</u>	<u>265,466</u>	<u>--</u>	<u>36,432</u>	<u>7,569</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

	Housing Program	Canterbury Court Apartments	924 Lafayette Street
Assets			
Current Assets			
Cash	\$ 348,755	38,036	(6,405)
Restricted Cash	--	16,086	922
Marketable Securities	--	--	--
Receivables			
Governmental Grants	--	--	--
Contract Income and Other	--	8,532	--
Prepaid Expense	--	2,280	--
Weatherization Work in Process	--	--	--
Total Current Assets	<u>348,755</u>	<u>64,934</u>	<u>(5,483)</u>
Property and Equipment			
Land, Buildings, and Improvements	--	682,684	67,921
Furniture and Equipment	--	6,990	--
Accumulated Depreciation	--	(560,364)	(60,271)
Net Property and Equipment	<u>--</u>	<u>129,310</u>	<u>7,650</u>
Total Assets	<u>\$ 348,755</u>	<u>194,244</u>	<u>2,167</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ --	211	--
Accrued Expenses	--	--	--
Mortgages Payable - Current Portion	--	--	--
Deposits Held for Others	--	15,586	922
Due to Funding Sources	38,984	--	--
Deferred Revenue	--	4,653	--
Total Current Liabilities	<u>38,984</u>	<u>20,450</u>	<u>922</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets			
With Donor Restrictions	309,771	--	--
Without Donor Restrictions			
Designated for Program Activities	--	44,484	(6,405)
Invested in Property and Equipment	--	129,310	7,650
Undesignated	--	--	--
Total Net Assets	<u>309,771</u>	<u>173,794</u>	<u>1,245</u>
Total Liabilities and Net Assets	<u>\$ 348,755</u>	<u>194,244</u>	<u>2,167</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2020

Designated Funds

<u>Kingswood Apartments</u>	<u>302 Locust Street</u>	<u>1619 Franklin Street</u>	<u>Ankeny Single Family</u>	<u>Lexington Square</u>	<u>313 Cottage Street</u>	<u>118 Irving Street</u>
217,905	36,879	(2,424)	(50,482)	(404,846)	25,151	43,115
2,980	288	400	675	2,600	498	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
345	--	30	--	(4)	--	--
419	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>221,649</u>	<u>37,167</u>	<u>(1,994)</u>	<u>(49,807)</u>	<u>(402,250)</u>	<u>25,649</u>	<u>43,115</u>
80,563	101,556	12,013	76,878	427,113	116,076	--
--	--	--	--	--	--	--
<u>(66,825)</u>	<u>(91,943)</u>	<u>(11,216)</u>	<u>(63,088)</u>	<u>(294,760)</u>	<u>(48,541)</u>	<u>--</u>
<u>13,738</u>	<u>9,613</u>	<u>797</u>	<u>13,790</u>	<u>132,353</u>	<u>67,535</u>	<u>--</u>
<u>235,387</u>	<u>46,780</u>	<u>(1,197)</u>	<u>(36,017)</u>	<u>(269,897)</u>	<u>93,184</u>	<u>43,115</u>
81	60	53	47	255	65	--
--	--	--	--	--	--	--
--	--	--	--	23,346	--	--
4,000	288	400	675	3,167	498	--
--	--	--	--	--	--	--
--	615	--	--	1,439	--	--
<u>4,081</u>	<u>963</u>	<u>453</u>	<u>722</u>	<u>28,207</u>	<u>563</u>	<u>--</u>
--	--	--	--	132,041	--	--
--	--	--	--	132,353	67,535	43,115
217,568	36,204	(2,447)	(50,529)	(562,498)	25,086	--
13,738	9,613	797	13,790	--	--	--
--	--	--	--	--	--	--
<u>231,306</u>	<u>45,817</u>	<u>(1,650)</u>	<u>(36,739)</u>	<u>(430,145)</u>	<u>92,621</u>	<u>43,115</u>
<u>235,387</u>	<u>46,780</u>	<u>(1,197)</u>	<u>(36,017)</u>	<u>(269,897)</u>	<u>93,184</u>	<u>43,115</u>

See independent auditor's report

OPERATION THRESHOLD

Combining Statement of Activities

Year Ended September 30, 2020

	Total All Funds	Eliminations	Undesignated and Agency Cost Pool Funds
Support and Revenue			
Government Awards and Contract Revenue	\$ 7,018,639	--	--
Food Vouchers for Distribution	2,986,655	--	--
Rental Income	297,888	--	--
Contributions, Public Support, and Services	441,943	--	3,916
Investment Income	(7,879)	--	(7,891)
Other Revenue	3,286	--	967
Total Support and Revenue	<u>10,740,532</u>	<u>--</u>	<u>(3,008)</u>
Expenses			
Program and General Expenses	7,718,904	(1,019,863)	1,051,201
Food Vouchers for Distribution	2,986,655	--	--
Depreciation	170,378	--	110,400
Interfund Expense Transfers	--	1,019,863	(1,019,863)
Total Expenses	<u>10,875,937</u>	<u>--</u>	<u>141,738</u>
Excess (Deficiency) of Support and Revenue Over Expenses	(135,405)	--	(144,746)
Net Assets - Beginning of Year	<u>4,431,084</u>	<u>--</u>	<u>3,387,650</u>
Net Assets - End of Year	<u>\$ 4,295,679</u>	<u>--</u>	<u>3,242,904</u>

OPERATION THRESHOLD

Combining Statement of Activities

Year Ended September 30, 2020

Iowa Department of Human Rights/Division of Community Action Agencies

Total Designated Funds	Weatherization Assistance					
	LIHEAP	CSBG	FaDSS	DOE	HEAP	Utility Companies
7,018,639	2,898,829	548,762	289,253	137,952	503,142	181,138
2,986,655	--	--	--	--	--	--
297,888	--	--	--	--	--	--
438,027	53,262	--	--	--	--	--
12	--	--	--	--	--	--
2,319	--	--	--	--	--	--
<u>10,743,540</u>	<u>2,952,091</u>	<u>548,762</u>	<u>289,253</u>	<u>137,952</u>	<u>503,142</u>	<u>181,138</u>
7,687,566	2,952,091	548,762	288,938	137,952	503,142	181,138
2,986,655	--	--	--	--	--	--
59,978	--	--	315	--	--	--
--	--	--	--	--	--	--
<u>10,734,199</u>	<u>2,952,091</u>	<u>548,762</u>	<u>289,253</u>	<u>137,952</u>	<u>503,142</u>	<u>181,138</u>
9,341	--	--	--	--	--	--
<u>1,043,434</u>	<u>--</u>	<u>--</u>	<u>492</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>1,052,775</u>	<u>--</u>	<u>--</u>	<u>492</u>	<u>--</u>	<u>--</u>	<u>--</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

	Iowa Department of Public Health			
	WIC	WIC Peer Counseling	WIC Farmers Market	WIC Special Projects
Support and Revenue				
Government Awards and Contract Revenue	\$ 1,061,798	50,000	--	23,264
Food Vouchers for Distribution	2,986,655	--	--	--
Rental Income	--	--	--	--
Contributions, Public Support, and Services	--	--	1,841	--
Investment Income	--	--	--	--
Other Revenue	--	--	--	--
Total Support and Revenue	<u>4,048,453</u>	<u>50,000</u>	<u>1,841</u>	<u>23,264</u>
Expenses				
Program and General Expenses	1,061,173	50,000	1,159	23,264
Food Vouchers for Distribution	2,986,655	--	--	--
Depreciation	1,670	--	--	--
Interfund Expense Transfers	--	--	--	--
Total Expenses	<u>4,049,498</u>	<u>50,000</u>	<u>1,159</u>	<u>23,264</u>
Excess (Deficiency) of Support and Revenue over Expenses	(1,045)	--	682	--
Net Assets - Beginning of Year	<u>62,164</u>	<u>1,371</u>	<u>9,997</u>	<u>2,073</u>
Net Assets - End of Year	<u>\$ 61,119</u>	<u>1,371</u>	<u>10,679</u>	<u>2,073</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

MIECHV	FEMA	Local Government and Other Sources				
	Emergency Food and Shelter	Early Head Start	Family Support & Parent Ed.	Disaster Case Management	Emergency Funds	Cedar Valley Refugee Program
500,633	15,365	--	517,953	118,201	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	3,273	--	62,852	817	42,021	35,000
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>500,633</u>	<u>18,638</u>	<u>--</u>	<u>580,805</u>	<u>119,018</u>	<u>42,021</u>	<u>35,000</u>
500,403	16,901	--	556,935	119,018	36,557	44,075
--	--	--	--	--	--	--
30	--	--	582	--	--	--
--	--	--	--	--	--	--
<u>500,433</u>	<u>16,901</u>	<u>--</u>	<u>557,517</u>	<u>119,018</u>	<u>36,557</u>	<u>44,075</u>
200	1,737	--	23,288	--	5,464	(9,075)
<u>758</u>	<u>--</u>	<u>9,235</u>	<u>119,345</u>	<u>898</u>	<u>50,174</u>	<u>9,075</u>
<u>958</u>	<u>1,737</u>	<u>9,235</u>	<u>142,633</u>	<u>898</u>	<u>55,638</u>	<u>--</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

	Community Services	Cedar Valley Readers	Grundy County Food Pantry	Volunteer Coop
Support and Revenue				
Government Awards and Contract Revenue	\$ --	28,113	--	32,030
Food Vouchers for Distribution	--	--	--	--
Rental Income	200	--	--	--
Contributions, Public Support, and Services	93,956	37,965	15,247	(7,763)
Investment Income	--	--	--	--
Other Revenue	--	--	--	--
Total Support and Revenue	<u>94,156</u>	<u>66,078</u>	<u>15,247</u>	<u>24,267</u>
Expenses				
Program and General Expenses	92,606	78,588	26,662	31,883
Food Vouchers for Distribution	--	--	--	--
Depreciation	1,550	119	--	147
Interfund Expense Transfers	--	--	--	--
Total Expenses	<u>94,156</u>	<u>78,707</u>	<u>26,662</u>	<u>32,030</u>
Excess (Deficiency) of Support and Revenue over Expenses	--	(12,629)	(11,415)	(7,763)
Net Assets - Beginning of Year	<u>195,749</u>	<u>19,382</u>	<u>37,628</u>	<u>7,963</u>
Net Assets - End of Year	<u>\$ 195,749</u>	<u>6,753</u>	<u>26,213</u>	<u>200</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

Local Government and Other Sources

<u>Volunteer Programs</u>	<u>WHT TBRA</u>	<u>ICAA TBRA</u>	<u>Financial Literacy</u>	<u>Energy Efficiency</u>	<u>Customer Contributions</u>	<u>Seasonal Programs</u>
26,620	21,577	40,252	--	23,757	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	13,610	25,821	--	2,376	46,260	11,489
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>26,620</u>	<u>35,187</u>	<u>66,073</u>	<u>--</u>	<u>26,133</u>	<u>46,260</u>	<u>11,489</u>
23,358	26,023	52,436	618	26,133	26,657	18,424
--	--	--	--	--	--	--
26	--	--	60	--	--	--
--	--	--	--	--	--	--
<u>23,384</u>	<u>26,023</u>	<u>52,436</u>	<u>678</u>	<u>26,133</u>	<u>26,657</u>	<u>18,424</u>
3,236	9,164	13,637	(678)	--	19,603	(6,935)
<u>1,276</u>	<u>(1,679)</u>	<u>(107)</u>	<u>39,042</u>	<u>--</u>	<u>16,829</u>	<u>14,504</u>
<u>4,512</u>	<u>7,485</u>	<u>13,530</u>	<u>38,364</u>	<u>--</u>	<u>36,432</u>	<u>7,569</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

	Housing Program	Canterbury Court Apartments	924 Lafayette Street
Support and Revenue			
Government Awards and Contract Revenue	\$ --	--	--
Food Vouchers for Distribution	--	--	--
Rental Income	--	187,127	10,575
Contributions, Public Support, and Services	--	--	--
Investment Income	--	12	--
Other Revenue	--	2,046	--
Total Support and Revenue	--	189,185	10,575
Expenses			
Program and General Expenses	--	156,587	7,445
Food Vouchers for Distribution	--	--	--
Depreciation	--	27,773	2,034
Interfund Expense Transfers	--	--	--
Total Expenses	--	184,360	9,479
Excess (Deficiency) of Support and Revenue over Expenses	--	4,825	1,096
Net Assets - Beginning of Year	309,771	168,969	149
Net Assets - End of Year	\$ 309,771	173,794	1,245

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2020

Rental Housing						
Kingswood Apartments	302 Locust Street	1619 Franklin Street	Ankeny Single Family	Lexington Square	313 Cottage Street	118 Irving Street
--	--	--	--	--	--	--
--	--	--	--	--	--	--
32,059	10,428	5,532	8,076	37,939	5,952	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
246	27	--	--	--	--	--
<u>32,305</u>	<u>10,455</u>	<u>5,532</u>	<u>8,076</u>	<u>37,939</u>	<u>5,952</u>	<u>--</u>
47,962	5,246	5,975	3,006	33,908	2,541	--
--	--	--	--	--	--	--
2,696	2,341	284	1,235	14,895	4,221	--
--	--	--	--	--	--	--
<u>50,658</u>	<u>7,587</u>	<u>6,259</u>	<u>4,241</u>	<u>48,803</u>	<u>6,762</u>	<u>--</u>
(18,353)	2,868	(727)	3,835	(10,864)	(810)	--
<u>249,659</u>	<u>42,949</u>	<u>(923)</u>	<u>(40,574)</u>	<u>(419,281)</u>	<u>93,431</u>	<u>43,115</u>
<u>231,306</u>	<u>45,817</u>	<u>(1,650)</u>	<u>(36,739)</u>	<u>(430,145)</u>	<u>92,621</u>	<u>43,115</u>

See independent auditor's report

OPERATION THRESHOLD

Combining Statement of Financial Position -
Undesignated and Agency Cost Pool Funds

September 30, 2020

	Total	Agency	Equipment	Admin. Services
Assets				
Current Assets				
Cash and Cash Investments	\$ 159,551	767,614	29,702	44,312
Restricted Cash	25	25	--	--
Marketable Securities	21,706	21,706	--	--
Receivables				
Contract Income and Other	--	--	--	--
Prepaid Expense	56,931	33,506	1,442	6,425
Weatherization Work in Process	61,332	--	--	--
Total Current Assets	<u>299,545</u>	<u>822,851</u>	<u>31,144</u>	<u>50,737</u>
Property and Equipment				
Land, Buildings, and Improvements	4,110,228	4,066,228	--	--
Furniture and Equipment	502,737	137,647	365,090	--
Accumulated Depreciation	(1,476,509)	(1,144,849)	(331,660)	--
Net Property and Equipment	<u>3,136,456</u>	<u>3,059,026</u>	<u>33,430</u>	<u>--</u>
Total Assets	<u>\$ 3,436,001</u>	<u>3,881,877</u>	<u>64,574</u>	<u>50,737</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 14,480	--	--	5,742
Accrued Expenses	156,284	--	--	--
Due to Funding Sources	22,333	--	--	--
Deferred Revenue	--	--	--	--
Total Current Liabilities	<u>193,097</u>	<u>--</u>	<u>--</u>	<u>5,742</u>
Long-Term Debt				
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets				
With Donor Restrictions	2,936,576	2,936,576	--	--
Without Donor Restrictions				
Designated for Program Activities	(692,302)	24,101	31,144	44,995
Invested in Property and Equipment	199,880	122,450	33,430	--
Undesignated	798,750	798,750	--	--
Total Net Assets	<u>3,242,904</u>	<u>3,881,877</u>	<u>64,574</u>	<u>44,995</u>
Total Liabilities and Net Assets	<u>\$ 3,436,001</u>	<u>3,881,877</u>	<u>64,574</u>	<u>50,737</u>

OPERATION THRESHOLD

Combining Statement of Financial Position -
Undesignated and Agency Cost Pool Funds

September 30, 2020

Undesignated and Agency Cost Pools

<u>I.T. Services</u>	<u>Building Operations</u>	<u>Planning and Compliance</u>	<u>Payroll Clearing</u>	<u>WX Admin. Support</u>	<u>Housing Support</u>
(2,913)	(866,458)	144	147,170	25,308	14,672
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
2,913	3,515	--	9,114	14	2
--	--	--	--	61,332	--
<u>--</u>	<u>(862,943)</u>	<u>144</u>	<u>156,284</u>	<u>86,654</u>	<u>14,674</u>
--	--	--	--	--	--
--	44,000	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>44,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>(818,943)</u>	<u>144</u>	<u>156,284</u>	<u>86,654</u>	<u>14,674</u>
--	--	--	--	--	--
--	1,975	--	--	6,259	504
--	--	--	156,284	--	--
--	--	--	--	--	22,333
--	--	--	--	--	--
<u>--</u>	<u>1,975</u>	<u>--</u>	<u>156,284</u>	<u>6,259</u>	<u>22,837</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	(864,918)	144	--	80,395	(8,163)
--	44,000	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>(820,918)</u>	<u>144</u>	<u>--</u>	<u>80,395</u>	<u>(8,163)</u>
--	--	--	--	--	--
<u>--</u>	<u>(818,943)</u>	<u>144</u>	<u>156,284</u>	<u>86,654</u>	<u>14,674</u>

See independent auditor's report

OPERATION THRESHOLD

**Combining Statement of Activities -
Undesignated and Agency Cost Pool Funds**

Year Ended September 30, 2020

	<u>Total</u>	<u>Agency</u>	<u>Equipment</u>
Support and Revenue			
Contributions, Public Support, and Services	\$ 3,916	3,336	--
Investment Income	(7,891)	(7,891)	--
Other Revenue	967	967	--
Total Support and Revenue	<u>(3,008)</u>	<u>(3,588)</u>	<u>--</u>
Expenses			
Management and General Expenses	1,051,201	10,657	27
Depreciation	110,400	105,876	1,212
Interfund Expense Transfers	(1,019,863)	(1,415)	--
Total Expenses	<u>141,738</u>	<u>115,118</u>	<u>1,239</u>
Excess (Deficiency) of Support and Revenue over Expenses	(144,746)	(118,706)	(1,239)
Net Assets - Beginning of Year	<u>3,387,650</u>	<u>4,000,583</u>	<u>65,813</u>
Net Assets - End of Year	<u>\$ 3,242,904</u>	<u>3,881,877</u>	<u>64,574</u>

OPERATION THRESHOLD

**Combining Statement of Activities -
Undesignated and Agency Cost Pool Funds**

Year Ended September 30, 2020

Undesignated and Agency Cost Pools

<u>Admin. Services</u>	<u>I.T. Services</u>	<u>Building Operations</u>	<u>Planning and Compliance</u>	<u>WX Admin. Support</u>	<u>Housing Support</u>
80	--	--	--	500	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>80</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>500</u>	<u>--</u>
724,676	--	--	--	270,518	45,323
775	--	--	--	477	2,060
(700,570)	--	--	--	(270,495)	(47,383)
<u>24,881</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>500</u>	<u>--</u>
(24,801)	--	--	--	--	--
<u>69,796</u>	<u>--</u>	<u>(820,918)</u>	<u>144</u>	<u>80,395</u>	<u>(8,163)</u>
<u>44,995</u>	<u>--</u>	<u>(820,918)</u>	<u>144</u>	<u>80,395</u>	<u>(8,163)</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Community Services Block Grant

Contract No. CSBG-20S-11
(Contract Period 1/20/20 - 9/30/2022)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/20/20 - 9/30/2020</u>
Co-Funded Programs	\$ 316,377	--
Supplemental Program & Services	275,000	91,431
Other Costs	93,238	9,143
Total	<u>\$ 684,615</u>	<u>100,574</u>

Contract No. CSBG-20-11
(Contract Period 10/1/19 - 12/31/2020)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 10/01/19 - 9/30/2020</u>
Space Costs	\$ 18,500	--
Consultants	500	--
Co-Funded Programs	398,554	11,925
Other Costs	87,253	1,193
Total	<u>\$ 504,807</u>	<u>13,118</u>

Contract No. CSBG-19-11
(Contract Period 10/1/18 - 6/30/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/1/19 - 6/30/20</u>	<u>10/1/18 - 9/30/19</u>
Space Costs	\$ 17,200	18,920	15,514	3,406
Consultants	500	--	--	--
Co-Funded Programs	428,736	446,609	350,751	95,858
Other Costs	98,244	79,151	68,805	10,346
Total	<u>\$ 544,680</u>	<u>544,680</u>	<u>435,070</u>	<u>109,610</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Low Income Home Energy Assistance Program

Contract No. LIHEAP-20CA-11
(Contract Period 3/27/20 - 9/30/21)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 3/27/20 - 9/30/20</u>
Assistance Awards		
Regular Assistance	\$ --	--
Energy Crisis Intervention	210,792	53,285
Assurance 16	6,201	587
Program Support	18,603	4,004
Administration	<u>26,177</u>	<u>5,788</u>
Total Grant Expenses	<u>\$ 261,773</u>	<u>63,664</u>

Contract No. LIHEAP-20-11
(Contract Period 10/1/19 - 9/30/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 10/1/19 - 9/30/20</u>
Assistance Awards		
Regular Assistance	\$ 2,140,595	2,139,822
Energy Crisis Intervention	373,845	334,343
Client Services Assessment and Resolution	4,962	4,962
Summer Deliverable Fuel	52,088	52,088
Program Support	30,550	30,550
Administration	<u>273,399</u>	<u>273,399</u>
Total Grant Expenses	<u>\$ 2,875,439</u>	<u>2,835,164</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. DOE-20-11A
(Contract Period 4/1/20 - 3/31/21)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 4/1/20 - 9/30/20</u>
Administration	\$ 33,492	11,441
Health and Safety	59,427	18,700
Support	77,139	27,844
Labor	80,488	34,031
Materials	80,488	21,077
Training and Technical Assistance	15,000	100
Total	<u>\$ 346,034</u>	<u>113,193</u>

Contract No. DOE-19-11A
(Contract Period 4/1/19 - 3/31/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/1/19 - 3/31/20</u>	<u>4/1/19 - 9/30/19</u>
Administration	\$ 28,582	28,582	3,160	25,422
Health and Safety	54,665	61,200	5,100	56,100
Support	71,205	115,228	8,774	106,454
Labor	74,394	67,400	4,600	62,800
Materials	74,394	35,809	2,881	32,928
Training and Technical Assistance	7,500	2,521	244	2,277
Total	<u>\$ 310,740</u>	<u>310,740</u>	<u>24,759</u>	<u>285,981</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. HEAP-20-11A
(Contract Period 1/1/20 - 12/31/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/1/20 - 9/30/20</u>
Administration	\$ 42,080	13,045
Health and Safety	179,120	94,383
Support	193,872	89,146
Labor	187,411	32,657
Materials	187,411	15,633
Equipment/Training	16,208	6,208
Total	<u>\$ 806,102</u>	<u>251,072</u>

Contract No. HEAP-19-11A
(Contract Period 1/1/19 - 12/31/19)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/1/19 - 12/31/19</u>	<u>1/1/19 - 9/30/19</u>
Administration	\$ 40,759	20,477	12,950	7,527
Health and Safety	186,846	139,141	66,815	72,326
Support	195,538	103,771	68,091	35,680
Labor	182,500	84,796	65,715	19,081
Materials	182,500	47,771	36,831	10,940
Equipment/Training	17,190	10,982	1,667	9,315
Total	<u>\$ 805,333</u>	<u>406,938</u>	<u>252,069</u>	<u>154,869</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. IPL-20-11A
(Contract Period 1/1/20 - 12/31/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/1/20 - 9/30/20</u>
Administration	\$ 959	--
Support	1,919	--
Labor	9,594	--
Materials	<u>9,594</u>	<u>--</u>
Total	<u><u>\$ 22,066</u></u>	<u><u>--</u></u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. MEC-20-11A
(Contract Period 1/1/20 - 12/31/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/1/20 - 9/30/20</u>
Administration	\$ 5,911	5,911
Support	11,962	11,839
Labor	59,808	68,388
Materials	59,808	51,351
Total	<u>\$ 137,489</u>	<u>137,489</u>

Contract No. MEC-19-11A
(Contract Period 4/1/19 - 12/31/19)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/1/19 - 12/31/19</u>	<u>4/1/19- 9/30/19</u>
Administration	\$ 7,305	7,305	1,682	5,623
Support	14,605	14,308	3,171	11,137
Labor	73,313	84,178	18,630	65,548
Materials	73,313	62,745	15,283	47,462
Total	<u>\$ 168,536</u>	<u>168,536</u>	<u>38,766</u>	<u>129,770</u>

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OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. BHE-20-11A
(Contract Period 1/1/20 - 12/31/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/1/20 - 9/30/20</u>
Administration	\$ 212	212
Support	425	--
Labor	2,123	3,170
Materials	<u>2,123</u>	<u>1,501</u>
Total	<u><u>\$ 4,883</u></u>	<u><u>4,883</u></u>

See independent auditor's report

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Family Development and Self-Sufficiency

Contract No. FaDSS-21-11
(Contract Period 7/1/20 - 6/30/21)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 7/1/20 - 9/30/20</u>
Indirect	\$ 27,231	5,490
Personnel	242,353	50,340
Travel	6,576	15
Space/Utilities	6,464	1,962
Other	17,090	2,621
Third Party Payments	5,550	--
Total	<u>\$ 305,264</u>	<u>60,428</u>

Contract No. FaDSS-20-11
(Contract Period 7/1/19 - 6/30/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/1/19 - 6/30/20</u>	<u>10/1/18 - 6/30/19</u>
Indirect	\$ 26,041	25,951	20,763	5,188
Personnel	233,845	233,851	191,122	42,729
Travel	5,236	5,204	3,459	1,745
Space/Utilities	8,278	8,251	5,739	2,512
Other	13,277	13,420	7,742	5,678
Total	<u>\$ 286,677</u>	<u>286,677</u>	<u>228,825</u>	<u>57,852</u>

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OPERATION THRESHOLD
Iowa Department of Public Health

Schedule of Expenses Compared to Budget

Special Supplemental Nutrition Program for Women, Infants, and Children

Contract No. 5880A043

(Contract Period 10/1/19 - 9/30/20)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 10/01/19 - 9/30/20</u>
Cash Grant Expenses		
Salaries/Fringe	\$ 790,693	763,828
Contracted Providers	23,362	38,212
Other	123,034	133,518
Indirect	94,709	96,240
Breast Pump	30,000	30,000
Total Cash Grant Expenses	<u>1,061,798</u>	<u>1,061,798</u>
Noncash Expenses		
Food Vouchers Distributed		<u>2,986,655</u>
Total Expenses		<u>\$4,048,453</u>

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